

Function 400: Transportation

Function 400 is comprised mostly of the programs administered by the Department of Transportation (DOT), including programs for highways, mass transit, aviation, and maritime activities. This function also includes two components of the Department of Homeland Security: the Coast Guard and the Transportation Security Administration (TSA). The function also includes several small transportation-related agencies and the research program for civilian aviation at the National Aeronautics and Space Administration.

Budget Summary

The President's budget provides \$63.6 billion in appropriated budgetary resources (budget authority plus obligation limitations) for 2007. This is \$1.8 billion (2.9 percent) above the 2006 enacted level, excluding supplemental funding. In addition, the budget increases airline security passenger fees to cover a larger portion of screening costs (see Transportation Security Administration below).

Budget Details

Surface Transportation Funding — After numerous short-term extensions, Congress finally passed a \$286.5 billion surface transportation reauthorization bill last session, dubbed the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). The program provides surface transportation funding through 2009. For 2007, the President's budget provides \$39.1 billion in obligation limitations for the Federal-Aid Highway Program. This reflects the SAFETEA-LU level of \$38.2 billion plus an estimated upward adjustment of \$842 million due to Revenue Aligned Budget Authority (RABA). Within Federal-Aid, \$100 million is shifted away from state formula programs outlined in SAFETEA-LU and toward a new "Open Roads Financing Pilot Program." This pilot program would involve up to five states in evaluating innovative ways to finance and manage major parts of their highway system. The budget provides \$1.3 billion for safety programs, which includes a shift of \$122 million from the General Fund to the Highway Trust Fund. The budget also provides \$8.9 billion for mass transit, including both the obligation limitation and discretionary budget authority. This a \$100 million decrease below the SAFETEA-LU level.

Federal Aviation Administration (FAA) — The President's budget provides \$13.7 billion for the FAA for 2007. This represents a cut of \$521 million, or 3.7 percent, below the 2006 enacted level excluding supplemental funding. Within the FAA, Facilities and Equipment (F&E) is provided \$2.5 billion, a cut of \$12 million, and the Airport Improvement Program (AIP) is cut by \$765 million (21.8 percent) to \$2.8 billion. Moreover, funding for these programs is substantially below the air transportation levels authorized in Vision 100. The F&E account is \$607 million below the authorized level and AIP is \$950 million below the authorized level.

Funding Cuts for the Essential Air Service (EAS) and Small Community Air Service

Programs — The EAS program provides financial assistance to rural communities geographically isolated from hub airports so that they may operate smaller airports. The President's 2007 budget once again cuts funding more than 50 percent for the EAS program by establishing a \$50 million cap. The proposal would also create three categories of communities based on distance to a hub airport and establish cost-sharing criteria. Congress has consistently rejected the Administration's proposal.

In addition, as in previous years, the President does not include any funds for the Small Community Air Service Program, which helps communities that suffer from infrequent service and high air fares. Congress authorized \$35 million per year for this program as part of the 2004 Federal Aviation Administration (FAA) reauthorization bill (although only \$20 million was provided in 2005 funding and \$10 million in 2006 funding).

Amtrak Funding Slashed Again — The Administration continues to press for the privatization of Amtrak, believing that the current system is too inefficient to be viable. The President's budget provides only \$900 million for Amtrak, a cut of \$394 million, or 30.4 percent, from the 2006 enacted level. The Administration has proposed cutting Amtrak funding in previous years while pressing for its privatization, but this year's budget takes matters one step further. The budget provides \$500 million for Amtrak's capital expenses (a \$272 million cut from the 2006 enacted level), but it does not provide any direct funding to cover Amtrak's operating expenses. Instead, the President's budget provides \$400 million in "efficiency incentive grants," which DOT may issue to Amtrak for operating expenses based on the progress Amtrak makes in undertaking the Administration's reform initiatives.

	Federal Grants to Amtrak (budget authority in millions)					
	2002	2003	2004	2005	2006	2007
President's Request	\$521	\$521	\$900	\$900	\$360	\$900
Enacted	\$831*	\$1,043	\$1,218	\$1,207	\$1,294	--

**includes \$310 million in supplemental appropriations.*

Transportation Security Administration (TSA) — The President's budget provides \$6.2 billion for the TSA for 2007. This amount is \$353 million (6.0 percent) more than the 2006 enacted level. In addition, the President increases airline security passenger fees to cover a larger portion of screening costs. The current fee is assessed at \$2.50 per segment, capped at \$5 per one-way flight and \$10 for a round-trip flight. The budget replaces this with a single flat fee of \$5 per one-way ticket. This will raise \$1.6 billion in 2007 and \$9.7 billion over five years (2007-11). Congress rejected a slightly different proposal last year.

Coast Guard — The President's budget provides \$8.4 billion for the Coast Guard, also now part of the Department of Homeland Security. Of this amount, \$7.1 billion is appropriated funding

and \$1.3 billion is mandatory spending, consisting mostly of retirement pay. The 2007 appropriated funding is \$305 million (4.5 percent) higher than 2006 enacted level, excluding supplemental funding. As was the case with recent budgets, the funding increase is attributable to the Coast Guard's expanded role in homeland security.

Port Security Grants — These grants were authorized as part of the port and maritime security legislation passed by the Congress and signed into law in November 2002. Port security grants from the Department of Homeland Security provide funds for port agencies to install the fencing, surveillance technologies, and other measures needed to prevent terrorists from gaining access to docks and other port facilities. The President's 2007 budget once again does not include any funding for grants to port authorities for security upgrades. However, the budget does include \$600 million in grants to supplement state and local infrastructure protection efforts that could include, among other things, port security measures. In 2006, the President proposed the same measure. Congress rejected that request and provided \$173 million in port security grants for 2006. The Coast Guard reports port physical security needs of \$4.4 billion over ten years.

Maritime Administration — The President's budget does not include any funding for new loan guarantees under the Maritime Guaranteed Loan (Title XI) Program. This program guarantees loans for purchases from the U.S. shipbuilding industry and for shipyard modernization. For 2007, the President's budget provides \$3 million, enough to cover only the cost of administering pre-existing loan guarantees. (Congress accepted the President's proposal to eliminate new loan guarantees in 2004, and has since provided funding only to cover administrative expenses.)